

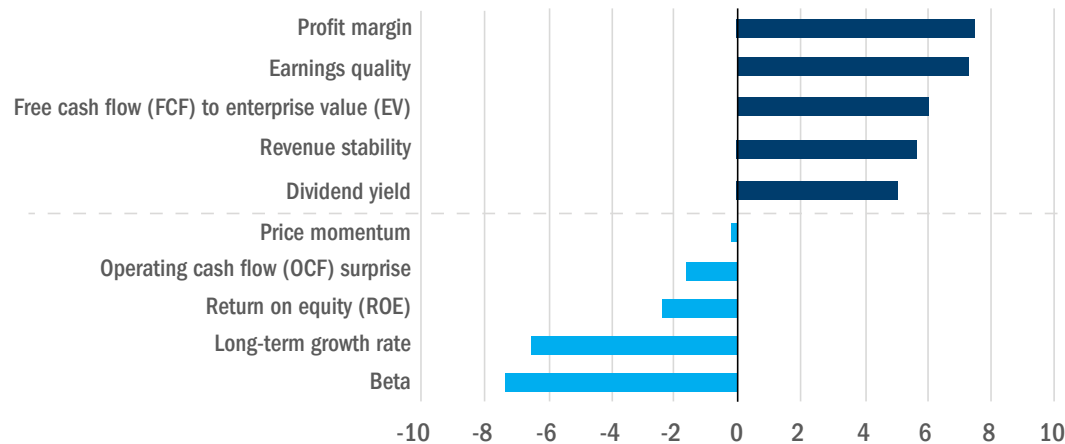


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## Latest Insights | Equity

### ► Fundamental factors made a comeback at the end of 2018

Top and bottom five S&P 500 factor returns (%) in Q4 2018



Returns have been compounded and are expressed as the difference between the top and bottom 20th percentiles (Benchmark Weighted: GICS sector neutral).

Source: Columbia Threadneedle Investments, data as of 12/31/18. Profit margin represents earnings before interest, taxes, depreciation and amortization (EBITDA) margin. The Standard & Poor's (S&P) 500 Index tracks the performance of 500 widely held, large-capitalization U.S. stocks. **Past performance does not guarantee future results.** It is not possible to invest directly in an index.

By Ed Kerschner,  
Chief Portfolio Strategist

**It was mostly a growth and momentum market through the first three quarters of 2018**, with momentum and analyst ratings being the strongest factors. Basically, what had been working continued to work. Fundamental and value were some of the factors that had the least influence.

**The story changed in the fourth quarter.** Fundamental factors that reflected underlying company characteristics such as profit margins, earnings quality, valuation ratios, revenue stability and dividend yield worked best in the fourth quarter of 2018.

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